Toronto Islands Residential Community Trust Corporation

2008 – 2009 Annual Report

Ministry of Municipal Affairs and Housing

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Ontario

TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, we have the privilege of presenting the Annual Report of the Toronto Islands Residential Community Trust Corporation for the 2008-09 fiscal year.

Respectfully submitted,

The Honourable Jim Watson
Minister of Municipal Affairs and Housing

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST

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July 27, 2009

TO THE HONOURABLE JIM WATSON

MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

MINISTER:

On behalf of the Board of Directors, I am pleased to present the Annual Report and Statement of Accounts of the Toronto Islands Residential Community Trust Corporation for the 12-month period ending March 31, 2009.

Respectfully submitted,

Ellen Vera Allen
Chair
Toronto Islands Residential Community Trust Corporation

Toronto Islands Residential Community Trust Corporation

Board of Directors

The Toronto Islands Residential Community Trust Corporation (TIRCTC) Board of Directors is appointed by the Lieutenant Governor in Council on an annual basis and consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as chosen by the Island community at large).

The 2008-09 appointees were

- Ellen Allen (Chair) – Island appointee
- Tom Gutfreund (Vice Chair) – Ontario Public Service appointee
- Geoffrey Gladdy (Treasurer) – Ontario Public Service appointee
- Kiloran McRae (Secretary) – Island appointee
- Allister Walsh – Ontario Public Service appointee
- Dawn Herrera – Ontario Public Service appointee

TIRCT Mandate

The TIRCTC (herein referred to as "the Trust") was established in December, 1993 to manage the land and buildings associated with the Island community, on behalf of the Island residents and the general public. Under the *Toronto Islands Residential Community Stewardship Act, 1993* residents on Ward's and Algonquin Islands are able to hold title to their homes and lease the lots on which houses stand for a period of up to 99 years. The Trust is also charged with maintaining the Purchasers' List, management of the Trust's finances and managing its five community buildings for the benefit of the public as well as the community.

Purchasers' List/Sales Process

Under the aforementioned legislation, the Trust was required to create a waiting list for potential purchasers of Island homes and land leases. This Purchasers' List was first established in 1994. The maximum number of names on the List is 500. The List is currently at its maximum and is reopened whenever vacancies on the list are equal to or greater than 5%. Names are added to the List by way of a lottery draw conducted by an independent firm. The List was not opened in 2008.

Since the establishment of this process in 1994, 48 island homes and leases have been sold. It is anticipated that an average of 2-3 homes a year will continue to be sold.

Current Business

Board Meetings

Board meetings in 2008-09 were generally held on a monthly basis (11 in total). Members of the Toronto Island Community Association regularly attended these meetings. Meetings are open to the public. The Board approved its budget on April 8, 2008.

Community Meetings

Three community meetings were held during the course of the year. The first, held on May 15, 2008, was used to introduce the budget for the fiscal year April 1, 2008 to March 31, 2009. The business of the Trust was financed by a levy on the leaseholders, property rentals, administrative fees and investment income. There was a 2% increase in the levy.

The second community meeting, held on October 23, 2008, included the presentation of the audit for the prior year by a representative of the auditing firm of Clarke Henning, the Trust was found to be financially sound. The Finance Committee met to review the audit. Audited financial statements were made available upon request. Amendments to the Governance Bylaw were presented and passed.

The third community meeting was held on March 15, 2009 to discuss and pass the Purchasers' List Bylaw.

Bylaw and Policy Reviews

As part of the ongoing efforts of updating practices and procedures to reflect sound management, the Board passed an updated Governance Bylaw. It also accepted recommended changes to the Interim Purchasers' List Bylaw, now the Purchasers' List Bylaw.

House and Lease Sales

One house was sold during the 2008/09 fiscal year.

Public Benefits

Creation of the Island community has resulted in benefits to the public at large. The residents are conscientious and responsible stewards of not only the Trust lands and buildings but of the surrounding park as well; they contribute many volunteer hours towards this.

The community has developed an excellent working relationship with the City parks department to protect environmentally sensitive areas and replenish island tree stock. The community has participated in annual beach clean-ups, shoreline revitalization and consulted with various government agencies regarding the preservation and enhancement of natural habitats in the park.

Trust Buildings

Community buildings, owned by the Trust are maintained for the benefit of the public as well as the community. Trust buildings and facilities provide a venue for such programs as the Toronto Island Canoe Club and Camp, tennis and soccer camps and leagues that are open to all City of Toronto children. Buildings are available for special functions, such as weddings for a nominal cost. Buildings have been preserved where historically significant, notably the Old Fire Hall and the Ward's Island Association Clubhouse, chiefly through volunteer efforts.

The Shaw House, once a derelict parks building, has been transformed into affordable housing for seniors.

Administration Issues

The Trust office is staffed by an administrator on a three day per week basis and is responsible for the on-going operations of the Board and contact with the public and community. The administrator is available to the public by telephone, fax, e-mail, or by dropping into their office.

There is also a website that is updated regularly with information about both Trust and Island activity:
(http://torontoisland.org/LandTrust/tabid/119/Default.aspx)

The Trust received no provincial, municipal or outside funding to support is operations.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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Clarke
Henning
LLP
Chartered Accountants

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AUDITORS' REPORT

TO THE MEMBERS OF
TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

We have audited the balance sheet of Toronto Islands Residential Community Trust Corporation as at March 31, 2009 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
August 18, 2009

Member:
POLARIS INTERNATIONAL
A worldwide network of firms

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2009

	2009	2008
ASSETS		
Current assets		
Cash	$ 135,149	$ 49,368
Short term investments *(note 3)*	109,467	197,820
Accounts receivable	69,260	52,843
Prepaid Expenses	434	4,546
Amount held in trust re lease transfer	15,928	24,330
	330,238	328,907
Property and equipment *(note 4)*	631,460	663,966
	961,698	992,873
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	35,526	38,436
Payable to City of Toronto re lease transfer	15,928	24,330
	51,454	62,766
Unamortized capital contribution	594,295	623,051
	645,749	685,817
NET ASSETS		
Reserve for contingencies	209,070	204,070
Reserve for capital expenditure and major repairs	20,000	20,000
Reserve for office expenses	2,500	2,500
Unappropriated balance *(note 6)*	84,379	80,486
	315,949	307,056
	$ 961,698	$ 992,873

Approved on behalf of the Board.

_____, Director _____, Director

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2009

	2009	2008
Revenues		
Operating levy	$ 59,847	$ 57,996
Purchaser list fees and renewals	16,657	25,146
Administration fees	550	7,250
Rental income	14,430	14,939
Interest income	3,499	6,708
Other	9,152	3,572
	104,135	115,611
Expenses		
Depreciation expense - net *(note 5)*	3,750	3,940
Heating and electricity	1,741	3,534
Insurance	10,784	10,789
Legal and audit	17,680	21,300
Office and general	9,253	9,311
Repairs and maintenance	13,981	2,595
Salaries and benefits	38,053	36,703
	95,242	88,172
Excess of revenues over expenses for the year	$ 8,893	$ 27,439

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2009

	Reserve for Contingencies	*Reserve for Capital Expenditures and Major Repairs*	*Reserve for Office Expenses*	*Unappropriated Balance*	*Total*	
					2009	*2008*
Balance - at beginning of year	$ 204,070	$ 20,000	$ 2,500	$ 80,486	$ 307,056	$ 279,617
Excess of revenues over expenses for the year	-	-	-	8,893	8,893	27,439
Transfer to (from) reserves *(note 7)*	5,000	-	-	(5,000)	-	-
Balance - at end of year	$ 209,070	$ 20,000	$ 2,500	$ 84,379	$ 315,949	$ 307,056

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2009

	2009	2008
Cash flows from operating activities		
Cash receipts from residents and others	$ **91,940**	$ 116,092
Interest income	**4,180**	6,708
Cash paid to employees and suppliers	**(98,692)**	(107,156)
Change in cash during the year	**(2,572)**	15,644
Cash and cash equivalents - at beginning of year	**247,188**	231,544
Cash and cash equivalents - at end of year	**244,616**	247,188
Cash and cash equivalents consist of:		
Cash	**135,149**	49,368
Short term investments	**109,467**	197,820
	$ **244,616**	$ 247,188

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

1. PURPOSE AND ORGANIZATION

Toronto Islands Residential Community Trust Corporation (the "Trust") was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature. The Trust is to manage certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Cash and short term investments are classified as held for trading and are stated at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable are classified as other financial liabilities which are measured at amortized cost.

Revenue Recognition

The Trust's operating levy is recognized as revenue during the year to which the levy applies, purchaser list fees are recognized when received and administration fees from sale of land leases are recognized when the land lease agreement is concluded.

Rental, interest and other income are recorded as revenue when they are earned.

Short Term Investments

Short term investments consist of interest bearing deposits and money market mutual funds.

The investments are included in current assets since they are readily cashable. These are recorded at cost which approximates fair value.

Property and Equipment

The land lease of the residential area on Toronto Islands is recorded at nominal value. All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost. Depreciation is provided over their estimated useful life on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	- 2.5%
Furniture and equipment	- 10% - 25%

Amortization of Capital Contributions

The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust is being amortized and brought into income on a straight line basis over 40 years, being the expected useful lifetime of the buildings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserves

The Trust maintains reserves for capital expenditure and major repairs, contingencies and for office expenses as Board-designated allocations out of net assets.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Details of short term investments are as follows:

	2009	*2008*
Interest-bearing deposits at ING Direct and TD Waterhouse	$ -	$ 120,395
ALTAM H/I Cash Performance Segregated mutual fund	**109,467**	52,425
Ontario Savings Bond, 4.25%, due June 21, 2008	-	25,000
	$ **109,467**	$ 197,820

In all cases, cost, as set out above, approximates fair value. The return on current year investment in mutual funds is about 3.10%.

4. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	Cost	*Accumulated Depreciation*	*Net Book Value 2009*	*2008*
Land lease	$ **1**	$ -	$ **1**	$ 1
Leasehold interest in buildings	**1,150,248**	**555,953**	**594,295**	623,051
Furniture and equipment	**25,781**	**23,731**	**2,050**	4,756
Building improvements	**41,731**	**6,617**	**35,114**	36,158
	$ **1,217,761**	$ **586,301**	$ **631,460**	$ 663,966

5 DEPRECIATION OF PROPERTY AND EQUIPMENT

Net depreciation expense for the year is calculated as follows:

	2009	*2008*
Furniture and fixtures	$ 2,365	$ 2,365
Computer equipment	342	532
Building improvements	1,043	1,043
Leasehold interest in buildings	28,756	28,756
Less amortization of capital contribution	(28,756)	(28,756)
	$ 3,750	$ 3,940

6 NET ASSETS - UNAPPROPRIATED BALANCE

Included in the unappropriated balance of net assets is an amount invested in property and equipment. Changes in this amount during the year are as follows:

	2009	*2008*
Balance - at beginning of year	$ 40,915	$ 44,855
Amortization of property and equipment less amortization of deferred capital grants	(3,750)	(3,940)
Balance - at end of year	$ 37,165	$ 40,915

7 NET TRANSFER TO (FROM) RESERVES

During the 2002 fiscal year, the Trust's Board established a reserve for contingencies and transferred to it an initial amount of $125,000. An additional $50,000 was transferred to this reserve in the 2008 fiscal year. It is the Board's intention to transfer to this reserve each year an additional amount representing interest earned on the reserve balance in order to avoid erosion of purchasing power of the reserve due to inflation. In accordance with this policy, an additional amount of $5,000 was transferred in the 2009 fiscal year ($5,000 in 2008).

8 FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and short term investments, accounts receivable and accounts payable. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Management estimates that the fair value of the financial instruments approximate their carrying values.

9 GUARANTEES AND INDEMNITIES

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.

10 CAPITAL MANAGEMENT

The Trust considers its net assets to be its capital. The Trust's objective when managing capital is to ensure that it has sufficient resources to carry out its objects. The Trust manages and adjusts its capital in response to general economic conditions, working capital requirements and the risk characteristics of the underlying assets and budgets its operations on a break-even basis to preserve its capital.

11 RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS

In 2008 the CICA amended Handbook section 4400, Financial Statement Presentation by Not-For-Profit Organizations. One of the applicable amendments to this standard makes the disclosure of the net assets invested in capital assets optional. This standard is effective for fiscal periods beginning on or after January 1, 2009.